

LEARNED AND JORDAN, P. A.

LAW OFFICES
SUITE 350, R. H. GARVEY BUILDING
300 WEST DOUGLAS
WICHITA, KANSAS 67202

EDMUND R. LEARNED
JOHN W. JORDAN

November 9, 1981

1-351A046 261-5271
AREA CODE 316

RECORDATION NO. 10874-A
FILE 142

DEC 17 1981 - 12 20 PM

INTERSTATE COMMERCE COMMISSION

Secretary of the Interstate Commerce Commission
Washington, D. C.

NOV 17 1981
Date DEC 17 1981

Fee \$ 10.00

ICC Washington, D. C.

Re: Interail, Inc. formerly Rail, Inc.
Continental Illinois National Bank
and Trust Company - First Amendment
to Security Agreement dated October 1,
1979

Dear Sir:

Enclosed for recording with your office pursuant to 49 USCA 11303
and CFR Part 1116 is the original and two counterparts of the First Amendment
to the above security agreement. Also enclosed is a check in the amount of
\$10.00 to cover the recording fee.

Please return the original to our office after recording.

Sincerely yours,

LEARNED AND JORDAN, P. A.

By

Edmund R. Learned
Edmund R. Learned

ERL/mt
Encls.

RECEIVED
DEC 17 2 16 PM '81
FEE OPERATOR BR
10874-A

Interstate Commerce Commission
Washington, D.C. 20423

12/21/81

OFFICE OF THE SECRETARY

Edmund R. Learned

Learned & Jordan, P.A.

Suite 350 R.H. Garvey Building

300 West Douglas

Wichita, Kansas 67202

Dear **Sir:**

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **12/17/81** at **12:20pm**, and assigned re-recording number(s). **10874-H**

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

RECORDATION NO. 10874-18 H
FILED 1485

DEC 17 1981 - 12 20 PM
INTERSTATE COMMERCE COMMISSION

FIRST AMENDMENT

Dated as of October 1, 1981

TO

SECURITY AGREEMENT

Dated as of October 1, 1979

FROM

INTERAIL, INC.
(Formerly RAIL, INC.)

DEBTOR

TO

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO

SECURED PARTY

FIRST AMENDMENT
TO SECURITY AGREEMENT
Dated as of October 1, 1979

THIS FIRST AMENDMENT TO SECURITY AGREEMENT, dated as of October 1, 1981 (the "Amendment") from INTERAIL, INC. (formerly RAIL, INC.), a Kansas corporation (the "Debtor"), whose post office address is 125 East Lake Street, Bloomingdale, Illinois 60108 (formerly located at 141 West Jackson Boulevard, Chicago, Illinois 60604) to CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO (the "Secured Party"), whose post office address is 231 South LaSalle Street, Chicago, Illinois 60693, Attention: Loan Division;

R E C I T A L S:

A. The Debtor and the Secured Party have entered into a Security Agreement dated as of October 1, 1979 (the "Security Agreement") in order to provide security for amounts payable by the Debtor under a Credit Agreement dated as of October 1, 1979 (the "Credit Agreement") between the Debtor and the Secured Party, under promissory notes of the Company issued pursuant to the Credit Agreement, and under the Security Agreement.

B. The Debtor and the Secured Party have entered into a First Amendment to Credit Agreement, dated as of October 1, 1981, whereby the Credit Agreement is amended to, among other things, permit Debtor to borrow from time to time amounts not to exceed in the aggregate at any one time outstanding the amount of the Secured Party's commitment under the Credit Agreement, as so amended. The proceeds of borrowings by the Debtor under the Credit Agreement, as amended, are to be used by the Debtor to meet the working capital requirements arising in the ordinary course of its business.

C. The Debtor has agreed to execute and deliver to the Secured Party a new promissory note (the "New Note") to evidence the aggregate unpaid principal amount of the promissory notes previously issued to the Secured Party under the terms of the Credit Agreement, as well as the additional indebtedness incurred by each borrowing under the Credit Agreement, as amended by said amendment. Upon receipt of the New Note by the Secured Party, the promissory notes previously issued shall be returned to the Debtor marked cancelled by renewal.

D. In order to secure the payment of the principal and interest on the New Note and the performance and observance of all covenants and conditions contained in the New Note and in the Credit Agreement, as amended, and so that the Security Agreement reflects the amendments made to the Credit Agreement,

the Debtor and the Secured Party wish to amend the Security Agreement as provided hereinafter.

SECTION 1. AMENDMENT TO SECURITY AGREEMENT. The Debtor and the Secured Party hereby agree that the Security Agreement is hereby amended in the following respects:

1.1. The second recital to the Security Agreement is amended as of November 1, 1980 by substituting the date "January 1, 1981" for the date "November 1, 1980" in the seventh line thereof and is further amended as of the date hereof by inserting the following immediately after the figure "\$19,000,000" in the seventh line thereof:

"and a First Amendment to Credit Agreement, dated as of October 1, 1981, whereby the Credit Agreement is amended to, among other things, permit the Debtor to borrow from time to time, prior to October 1, 1988, or such earlier date of termination of the Credit (as hereinafter defined) as provided in the Credit Agreement, as so amended, amounts not to exceed in the aggregate at any one time outstanding the amount of the Credit. 'Credit' shall mean the commitment of the Secured Party under the Credit Agreement, as amended, to make loans. The amount of the Credit is \$18,189,000 initially and shall be automatically reduced periodically in accordance with the terms of the Credit Agreement, as amended."

1.2. The third recital to the Security Agreement is amended to read in its entirety as follows:

"C. The proceeds of the loans (individually 'Loan' and collectively 'Loans') are to be used by the Debtor first for the purchase of up to 460 covered hopper railroad cars (the 'Equipment') which will be leased by the Debtor to lessees (individually 'Lessee' and collectively 'Lessees') and then to meet working capital requirements arising in the ordinary course of the Debtor's business."

1.3. The fifth recital to the Security Agreement is amended to read in its entirety as follows:

"E. The indebtedness incurred by the Loans shall be evidenced by a promissory note of the Debtor ('Note'). The Note and all principal thereof and interest (and premium, if any) thereon and all

additional amounts and other sums at the time due and owing from or required to be paid by the Debtor under the terms of the Note, this Security Agreement, or the Credit Agreement, as amended, are hereinafter sometimes referred to as 'indebtedness hereby secured'."

1.4. The sixth recital to the Security Agreement is amended by substituting the word "Note" for the word "Notes" in the fourth line thereof.

1.5. Section 1 of the Security Agreement is amended by substituting the word "Note" for the word "Notes" in the six and ninth lines thereof.

1.6. Section 1(a) of the Security Agreement is amended by substituting the word "Note" for the word "Notes" in the third and fifth lines of the second paragraph thereof.

1.7. Section 1(b) of the Security Agreement is amended by substituting the word "Note" for the word "Notes" in the thirtieth line of subparagraph (3) thereof.

1.8. Section 3 of the Security Agreement is amended by substituting the word "Note" for the word "Notes" in the fifth line thereof.

1.9. Section 3(a) of the Security Agreement is amended to read in its entirety as follows:

"(a) The amounts from time to time received by the Secured Party which constitute payment by the Lessees under the Leases of the installments of rent shall be applied first, to the payment of accrued and unpaid interest which is payable on or before the due date of the installments of rent which are received by the Secured Party, second, to the payment or prepayment of the principal of the Note in excess of the amount of the Credit in effect on such due date, and then the balance, if any, of such amounts shall be paid to or upon the order of the Debtor."

1.10. Section 3(b) of the Security Agreement is amended by substituting the word "Note" for the word "Notes" in the sixth line thereof and by adding the following sentence at the end thereof:

"The Credit shall be permanently reduced concurrently with each such payment or prepayment of the principal of the Note by the amount of such payment or prepayment."

1.11 Subparagraph (A) of subparagraph (2) of Section 3(c) of the Security Agreement is amended to read in its entirety as follows:

"(A) First, to the payment or prepayment of the entire principal of, and accrued and unpaid interest on, the Note; and"

1.12. Section 3(c) of the Security Agreement is amended by adding the following sentence immediately after subparagraph (B) of subparagraph (2) thereof:

"The amount of the Credit shall be permanently reduced from time to time concurrently with each payment or prepayment of the principal of the Note pursuant to the preceding subparagraph (A) by the amount of such payment or prepayment."

1.13. Section 10 of the Security Agreement is amended by substituting the term "Note" for the term "Notes" in the third line of the third paragraph thereof.

1.14. Section 11 of the Security Agreement is amended by substituting the phrase "or prepayment of any of the" for the phrase "of an installment of" in the fourteenth line of the first paragraph thereof.

1.15. The second paragraph of Section 11 of the Security Agreement is amended to read in its entirety as follows:

"Any money paid to the Secured Party pursuant to the preceding paragraph of this Section 11 shall, as the Debtor may direct in a written instrument filed with the Secured Party, be applied (so long as no Event of Default shall have occurred and be continuing), in whole or in part, to prepay indebtedness hereby secured, or toward the cost of new or used unit or units of Equipment in good condition and complying with all the provisions of this Security Agreement to replace the Equipment suffering a Casualty Occurrence. In case any money is applied to prepay principal of the Note, the Credit shall be permanently reduced concurrently with such prepayment by an amount equal to such prepayment. The Casualty Value of the Equipment suffering a Casualty Occurrence (including replacement Equipment) shall be deemed to be the value attributed to such unit of Equipment on the

applicable Valuation Certificate before the Conversion Date as of the date that the Debtor determines that such unit of Equipment suffered a Casualty Occurrence and after the Conversion Date, the value attributed to such a unit of Equipment on the Conversion Date on the applicable Valuation Certificate (or cost thereof in the case of a replacement unit) less an amount representing (as of the date that the Debtor determines that such Equipment suffered a Casualty Occurrence) depreciation on such Equipment at the rate of 7% per annum, but in no event shall the Casualty Value be less than the then outstanding indebtedness under the Note hereby secured in respect of such unit of Equipment as of the date that the Debtor determines that such Equipment suffered a Casualty Occurrence."

1.16. Subparagraph (a) of Section 12 of the Security Agreement is amended to read in its entirety as follows:

"(a) The Debtor shall fail to pay in full any indebtedness or interest then due under the Note (including any indebtedness due under the Note as a result of a mandatory reduction of the amount of the Credit) or any other sum payable by the Debtor as provided in this Security Agreement when payment thereof shall be due hereunder and such failure shall continue for more than 5 business days; or"

1.17. Section 12 of the Security Agreement is amended by substituting the word "Note" for the word "Notes" in the sixty-second and sixty-seventh lines thereof.

1.18. Subparagraph (b) of the first paragraph of Section 13 of the Security Agreement is amended by substituting the word "Note" for the word "Notes" in the twenty-second line thereof.

1.19. Subparagraph (c) of the first paragraph of Section 13 of the Security Agreement is amended by substituting the word "Note" for the word "Notes" in the fourth line thereof.

1.20. The second paragraph of Section 13 of the Security Agreement is amended by substituting the word "Note" for the word "Notes" in the fourth, tenth and thirteenth lines thereof.

1.21. Subparagraph (a) of the fifth paragraph of Section 13 of the Security Agreement is amended by substituting the word "Note" for the word "Notes" in the sixth line thereof.

1.22. Subparagraph (b) of the fifth paragraph of Section 13 of the Security Agreement is amended by substituting the word "Note" for the word "Notes" in the second and third lines thereof.

1.23. Section 19 of the Security Agreement is amended by substituting the word "Note" for the word "Notes" in the second line thereof.

SECTION 2. GOVERNING LAW. This Amendment shall be construed in accordance with and governed by the laws of the State of Illinois.

SECTION 3. COUNTERPARTS. This Amendment may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Amendment.

IN WITNESS WHEREOF, the Debtor has caused this Amendment to be executed and the Secured Party has caused this Amendment to be executed on its behalf by one of its Vice Presidents and its corporate seal to be hereunto affixed, and said seal and this Amendment to be attested by one of its Assistant Secretaries, all as of the day and year first above written.

INTERAIL, INC.

By

Debra White

President

DEBTOR

(Seal)

ATTEST:

Richard A. Verduin
Secretary

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO

By

James R. McQuinn
Vice President

SECURED PARTY

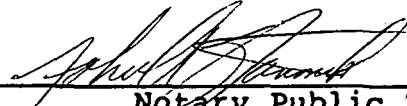
(Seal)

ATTEST:

[Signature]
Operations Officer

STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

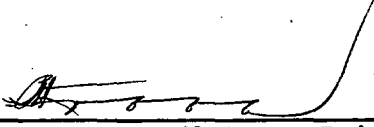
On this 17th day of November, 1981, before me personally appeared Bob M. White and Richard M. Verduin, to me personally known, who being by me duly sworn, did say that they are the President and Secretary, respectively, of INTERAIL, INC., formerly RAIL, INC. and that the foregoing instrument was signed and sealed by them in the respective capacities therein set forth on behalf of said corporation by authority of its board of directors; and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Notary Public
My Commission Expires April 25, 1982
My commission expires:

STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

On this 25th day of December, 1981, before me appeared James R. McDaniel and Paul A. Suffer, to me personally known, who being by me duly sworn, did say that they are the Vice President and Operations Officer, respectively, of Continental Illinois National Bank and Trust Company of Chicago, and that the foregoing instrument was signed and sealed on behalf of said bank in the capacity therein set forth and is the free act and deed of said bank.



Notary Public
My commission expires:
Paul 2, 1985